

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MINUTES
FINANCE & ADMINISTRATION COMMITTEE
JULY 10, 2017**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority met at approximately 12:00 p.m. at 842 6th Street in Los Banos with Chairman Bill Pucheu presiding.

FAC Committee Members Present Ex-

Officio

Absent

Division 1

Anthea Hansen, Alternate for Rick Gilmore

Division 2

Don Peracchi, Member

Division 3

Absent

Division 4

Sara Singleton, Member - Dana Jacobson, Alternate

Division 5

Bill Pucheu, Chair and Member

Friant Water Authority

Kathy Bennett, Alternate for Jason Phillips (Via Teleconference)

Authority Representatives Present

Jason Peltier, Executive Director

Frances Mizuno, Assistant Executive Director

Jon Rubin, General Counsel

Guy Wamocha, Supervisor of General Accounting

Tona Mederios, Director of Finance

Kathrin Odisho, Supervisor of Operational Accounting

Others Present

Dan Pope, Westlands Water District (Via Teleconference)

William "Bill" Patterson, Sampson, Sampson, & Patterson, LLP Certified Public Accountants

Barry Mortimeyer, USBR

1. Additions or Corrections to the Agenda

General Counsel Jon Rubin noted a correction to Item 6 on the agenda. The parenthetical should have read referenced “planning, pre-construction, construction financing”. There were no other corrections and no additions to the agenda.

2. Opportunity for Public Comment

Director of Finance Tona Mederios introduced Kathrin Odisho as the new Supervisor of Operational Accounting for the Water Authority.

ACTION ITEMS

3. Committee to Consider Approval of the June 5, 2017 Meeting Minutes.

The Committee reviewed the June 5, 2017 meeting minutes. Member Anthea Hansen made a motion to approve the June 5, 2017 meeting minutes. The motion was seconded by member Don Peracchi and passed unanimously. The Committee action is reported as follows:

AYES: Hansen, Peracchi, Singleton, Pucheu, Bennett
NOES: None
ABSTENTIONS: None

4. Finance & Administration Committee to Review and Consider Recommendation to the Board of Directors to Accept the Draft FY14 Audited Financial Statements.

External Auditor William “Bill” Patterson from Sampson, Sampson & Patterson, LLP Certified Public Accountants, presented the draft FY14 audited financial statements, noting that the audit received the unqualified opinion which is the highest opinion to be given on an audit of financial statements. Mr. Patterson presented and explained the draft FY14 audited financial statements. Director of Finance Tona Mederios pointed out that there were some grammatical corrections and narrative description clarity revisions to be made. There was no action, as members suggested that the final draft reflecting the mentioned changes be brought back to the Committee in August, for consideration of a recommendation by the Committee that the Board of Directors accept the FY14 audited financial statements.

5. Finance & Administration Committee to Consider Recommendation to the Board of Directors that it Adopt the Resolution Superseding Prior and Establishing New Authorization to Order Deposit or Withdrawal of Monies in the Local Investment Fund.

General Counsel Jon Rubin briefly discussed this item, explaining why the resolution had been brought before the Committee. Member Sara Singleton made a motion to recommend to the Board of Directors adopt the resolution. The motion was seconded by member Anthea Hansen and passed

unanimously. The Committee action is reported as follows:

AYES: Hansen, Peracchi, Singleton, Pucheu, Bennett

NOES: None

ABSTENTIONS: None

REPORT ITEMS

6. California WaterFix Update

Executive Director Jason Peltier discussed the California Waterfix update noting that funding for the pre-construction phase (gap funding) costs will be required by January 1, 2018. Peltier also noted that there is consideration for having the Authority issue the financing for the gap funding need of up to \$600M. Mr. Peltier added that Board workshops are being planned California Waterfix and to review construction financing options.

7. Proposed Activity Budget Mid-Year Review Process

Executive Director Jason Peltier and Assistant Executive Director Frances Mizuno discussed this item stating that the process was put in place several years ago due to the then volatile legal costs that often resulted in supplemental assessments. However, in the last few years the legal cost volatility has not been an issue due to the usage of legal retainers. Since the mid-term budget analysis is time consuming and the audits are the main priority this year, the mid-term budget analysis will not be done. The budget to actual expenditure reports will still be reported to the Committee every month.

8. Briefing on San Luis Transmission Project

Assistant Executive Director Frances Mizuno updated the Committee on the status of the San Luis Transmission Project. Mizuno provided background on the need for the project, provided base case cost analysis showing the annual cost to the CVP for the debt repayment associated with funding 100% of the SLTP and all related assumptions used for the analysis and highlighted efforts to reduce costs to the Authority members and others through a partnership with Duke American Transmission Company.

9. FY18 Budget to Actual Expenditures Comparison Reports through 5/31/17

Supervisor of General Accounting Guy Wamocha reported on the budget to actual expenditure comparison report through the month ending May 31, 2017 noting that in total the actual expenses were trending below budget by 11.30% or \$1,079,137 for the activity agreement funds. The line items contributing to positive spending were legal, technical support, GBD specific, legislative advocacy and other professional services.

DRAFT

10. **O&M Self-Funding Update**

Director of Finance Tona Mederios informed the Committee that the WY15 Final Accounting will be completed in August, that the WY16 draft accounting is in progress, and that she will providing the WY16 draft accounting to the Contractors for a 30-day review when completed.

11. **Financial Audit Update**

Director of Finance Tona Mederios reported to the Committee that the FY15 audit binder was to be delivered to the Auditor by July 20, 2017 and that she anticipated the FY16 audit binder will be provided to the Auditor by November 15, 2017. Mederios added that FY17 and FY18 audits are scheduled to be completed during FY19.

12. **Reports Pursuant to Government Code Sec 54954.2**

None

13. **Adjournment**

The meeting was adjourned at approximately 1:25 p.m.